

The Nebraska Food Cooperative—Past, Present, Future

April 10, 2010

Early in 2005, at the Nebraska Sustainable Agriculture Society's annual conference, a group of Nebraskans - farmers and consumers alike - listened to Robert Waldrop, president and founder of the Oklahoma Food Cooperative (www.oklahomafood.coop), give an inspiring address regarding his local foods vision, and the experiences of the start-up of the Co-op three years earlier. (Mark Hutchison, through the University of Nebraska, Lincoln's Food Processing Center had conducted some surveys and had arranged for Mr. Waldrop to come and speak. Mark also continued to provide invaluable insight and guidance during the Co-op's formative years.)

From that beginning, the group was motivated to meet over the next year as a steering committee to flesh out a vision for a Nebraska version of the Oklahoma Food Cooperative. A year later, the Nebraska Food Cooperative (NFC) was incorporated. In July of 2006, the first delivery cycle was initiated, and Nebraska's online, year-round farmers' market and local food distribution service was launched!

From the initial order cycle that contained 10 orders totaling \$326, the NFC has continued to grow to the point where the recently completed delivery cycle on April 8, 2010, totaled 169 orders and sales were over \$10,700.

So what, exactly, is the NFC's purpose? Our mission statement is "To foster a local food community and promote a culture of stewardship by cultivating farmer-consumer relationships, promoting the enjoyment of healthful food, increasing food security through diversity, and enhancing overall rural sustainability."

Our goal is to create a market - bringing together buyers and sellers in a way that would otherwise not take place. In a rural state such as Nebraska, where the populace is often spread out over large distances, it becomes problematic for direct-market producers to be physically present at farmer's markets each week in both Omaha and Lincoln, where the main population centers are located. Instead, by providing both a method to list items available for sale and a method for transporting and distributing those products that are purchased, the NFC has created a vehicle for re-establishing a semblance of the food distribution infrastructure that existed decades ago - local products consumed locally!

So how does the co-op work? Once a month during the winter and on a biweekly basis during the growing season, an "order window" opens to start off a "delivery cycle." During the one-week order window, shoppers peruse online the items offered for sale by each producer. Not only are item descriptions and pictures available, but a questionnaire completed by the producer describes their operations, their philosophies, and their practices. NFC's goal is to transparently provide information to each shopper, so they can make informed decisions as to which producers, and which items for sale, best match with their individual standards, priorities, needs, budget, etc.

Once the one-week order window comes to a close, the producers then create a printout of all the items ordered from them, and they print routing labels for each customer's goods. These goods are then prepared for safe and appropriate transport on delivery day to one of NFC's

hubs, or are picked up by NFC's driver if they are located on or near the existing delivery circuit.

Once the goods are checked in, volunteers sort them by storage type (frozen, refrigerated, dry, etc.), by pick-up locations, and by customer name. The orders are grouped and delivered to the various pick-up points in Omaha, Lincoln, and surrounding area, and in the evening the customers who placed orders stop by to pick up and pay for their orders (payment via Paypal is also an option). Within several days after the delivery cycle is completed, NFC mails payments to all of the producers for their sales that month. Both shoppers and producers pay a 10% invoice fee which funds NFC's operations and overhead. While we are incorporated as a for-profit cooperative, at this time our goal is to cover expenses plus any capital needs, rather than looking to make a profit at the Co-op level.

Membership in NFC is available in several options:

- 1.) Voting (must be Nebraska resident): \$100.00 for one share of common stock - plus \$20.00 annual fee thereafter
- 2.) Non-voting: \$40.00 annual non-voting member fee.
- 3.) Visitor: No membership fee but \$6.00 visitor fee will be added to each order.

Members can be producers or shoppers or both!

As described in the mission statement, increasing food security through diversity is one of NFC's goals. Increasing the number of local food sources, and increasing/regaining the knowledge of how to feed ourselves locally enhances food security. While the vast majority of food consumed by Nebraskans is, unfortunately, imported from other areas of the country, having alternate supply sources and delivery methods protects against a future food security emergency in the country or region. It also increases the viability of the rural Nebraska economy, especially as fuel and transportation costs continue to rise over the long term, which causes foods trucked in from distant areas of the country to increase in cost.

As NFC's producers grow in quantity and in the stability of their supply, the cooperative looks forward to collaborating with local institutional buyers such as school districts, nursing homes, restaurants, and other similar entities to increase their awareness of and willingness to consider purchase of locally produced meats, vegetables, fruits, and other value-added products. In Nebraska, the University of Nebraska, Lincoln's Dining Services has shown great leadership in this area with the development of its extremely popular "Good, Fresh, Local" Sustainable Food Project. Periodically throughout the school year, themed events are planned in the dining commons that focus on Nebraska producers and the local products they provide. This increases awareness among the college students of the importance of supporting local farms and eating fresh, healthy foods.

In the urban areas of the state, NFC continues to look for opportunities to partner with organizations that reach out to under-served populations. One example is Community CROPS, located in Lincoln, Nebraska, which works to create urban garden plots for immigrants and other area residents. NFC serves as one outlet for those producers to be able to market the products they raise. We've also worked with Together, Inc. of Metropolitan Omaha to create local foods baskets, which are donated to families in need.

In Nebraska, outdoor farmers markets are limited by weather to the May-October timeframe. With NFC's model, many local goods are available year-round, and as supply increases, we look forward to the availability of frozen and/or canned produce being available during the winter months.

Some of our near- and mid-term challenges revolve around transitioning from an all-volunteer organization to one with a sustainable business model. Towards that end, we are looking at hiring a part-time general manager to oversee the growth and organization of the cooperative, once sufficient funding can be identified.

Currently, NFC operates with two "hub" locations, one in Lincoln, and one in Omaha, where producers drop off their orders for further routing and distribution to final pick-up points. We have outgrown the capacity of the two locations, and are contemplating the lease/purchase of warehouse space in a rural community between Lincoln and Omaha, thereby consolidating the distribution into one larger center, while at the same time providing additional benefit to the local rural economy. Looking forward, we hope to be able to expand our service westward, with much interest currently being shown in the Kearney area.

We continue to collaborate with other organizations that are supportive of reestablishing a local foods production and distribution infrastructure. Challenges include raising sufficient equity capital to fund planned growth, identifying and paying for the human resources needed to execute NFC's plans and vision, and managing the continuing challenges that producers face in complying with the increasing regulatory burdens associated with the production of food of all kinds—even on a small scale.

In spite of these challenges, demand for local, fresh, and healthful products continues to outpace supply. People want to know more about where their food comes from, and who is growing it. The added benefit of supporting the local economy by keeping a larger share of money circulating closer to home is another motivating factor, as is increasing our food security.

The future for NFC looks bright, and we look forward to enjoying the fruits of our success!

RANDALL WATTERMANN

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REPRESENTING: Nebraska Food Cooperative, member of the Board of Directors & Treasurer

**SEMINARS/
CREDENTIALS/
MEMBERSHIPS:**

Founding Chairman, current Treasurer (2009-10), Nebraska Food Cooperative
Founding VP/Treasurer, Nebraska Poultry Growers Nonstock Cooperative
Nebraska Sustainable Agriculture Society, Board Member & Treasurer, 2001-07
Nebraska Sustainable Agriculture Society - Annual Conference, 1999 – 2010
SARE Annual Conference, November, 1999 - Alternative Agricultural Marketing
Great Plains Vegetable Growers Conference, 2009, St. Joseph, MO
Member, American Pastured Poultry Producers Association
Member, Nebraska Sustainable Agriculture Society
Member, Weston A. Price Foundation
Charter Member, Cuming County Genealogical Society
Chairman, Cuming County Board of Adjustments
Organizer, Hidden Treasures II Buying Club
Past Chairman and Elder, Davis Fellowship of Christ, Davis, CA
U.S. SBA Lenders' Liquidation Seminar
National Association of Government Guaranteed Lenders conferences, seminars
Advanced California Certified Nurseryman (inactive)

PROFESSIONAL EXPERIENCE:

Wattermann Family Enterprises, Inc., West Point, Nebraska. January, 1999 to Present.

Positions held: President /Owner

- Contracted with Financial Tools, Inc., Irvine, CA since early 2001 to assist with the marketing and sales of financial analysis and risk management software within the US Banking Industry.
- Other enterprises operated by Wattermann Family Enterprises, Inc, include:
 - Direct marketing through the Nebraska Food Cooperative of holiday heritage-type turkeys, Berkshire pork, and grassfed lamb
 - Direct marketing of poultry feeds which include organic and transitional grains and other ingredients
 - Ownership and operation of a multi-state distributorship for an organic fertilizer and livestock feed supplements company
 - Ownership and maintenance of a small e-commerce website specializing in high-end contractor tools

TSoft Financial Software, Inc., Marietta, Georgia. October 1996 to 2001
Positions held: National Sales/Business Development

Responsibilities: Market SBA loan production software to lending institutions nationwide, working in an independent home-office environment. Includes prospect identification, tracking and closing of sale.

- Achievements: Worked closely with President/Owner to double customer base from 300 to 600, and to achieve market leadership within our niche.

Business & Professional Bank, Sacramento, California. February 1992 to August 1996

Positions held: SBA Portfolio Manager, Assistant Vice President/SBA Operations Manager

Responsibilities: Daily responsibilities increased from managing the bank's \$19+ million (100+ loans) SBA Loan Portfolio to managing all operational aspects of the SBA Department, including staff hiring and supervision, loan packaging, file auditing and loan funding.

- Achievements: Integral part of SBA Department team which increased loan production from almost zero to over \$7 million per year within two years. Worked with software developer to create UCC-2 Form on computer at no cost to bank. Installed specialized SBA Loan servicing software, which enabled bank to more accurately track and report on the status of all SBA loans. Designed financial statement tracking and tickler system to maintain compliance with SBA servicing policies. Developed and managed bid process and sale of entire SBA loan portfolio, which earned bank \$1 million.

Security Pacific National Bank, Sacramento, California. April 1989 to February 1992.

Positions held: Assistant Manager/Accounts and Loans, Assistant Manager/Sales Coordinator

Responsibilities: Manage platform staff. Design and implement branch marketing strategies. Serve retail and commercial customers' entire banking relationships.

- Achievements: Contributed to branch's overall #4 statewide performance ranking within the entire bank (625+ branches). Contributed to branch's #1 regional ranking for customer service. Employee of the Year, Madison & Auburn Branch, 1989.

Farmers Savings, Davis, California. June 1984 to July 1988

Positions Held: CD Investments Specialist, Regional Secondary Marketing Director, Jumbo CD Sales Manager

Responsibilities: Telemarket \$100,000 Certificates of Deposit to other savings and loans, banks and credit unions throughout the country. Manage operation of the major deposit gathering unit of the bank. Supervise sales staff, support service assistants and CD sales assistants. Maintain personal sales territory.

- Achievements: First salesperson to reach \$50 million in deposits managed. Developed CD sales assistants program in which college students worked to identify additional institutional depositors by cold-calling from assigned directories and lists of leads. Promoted to Sales Manager. Reorganized and rewrote departmental Policies and Procedures Manual.

EDUCATION:

Bachelor of Science with High Honors, Agricultural & Managerial Economics, University of California, Davis – June 1984

Course Work Summary: Accounting, Finance, Macro- and Microeconomics, Computer Science, Pomology, Small Fruits Production, Viticulture, Plant Science, Agronomy, Business Management, Spanish, Portuguese.

Dean's List; Cumulative 4-year G.P.A. - 3.61.

Union Pacific Scholarship; California Bankers' Association Scholarship.

(Both are designed for students involved in Agriculture/FFA activities)

INTERESTS:

Small farming/Sustainable agriculture projects, gardening, volleyball, tennis, languages, politics, real estate